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Agencies now have permanent buyout authority

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Federal agencies can start offering buyouts of up to \$25,000 to their employees, under a regulation issued this week.

The new Office of Personnel Management regulation, published in the [Feb. 4](#) *Federal Register*, marks the beginning of a new era in buyouts for the federal government. Instead of offering buyouts only when they are downsizing their workforces, federal agency leaders can now offer buyouts during any restructuring. That means agencies don't have to eliminate a position every time they issue a buyout.

In addition, agencies' authority to offer buyouts is now permanent, unlike previous years in which Congress gave agencies only brief windows to offer them. Agencies will now submit plans to the Office of Personnel Management whenever they plan to offer buyouts, rather than first seek legal authority from Congress and then seek approval from the Office of Management and Budget. The permanent legal authority will make it easier for agencies to offer buyouts.

Many federal employees could see buyouts as a result of the change, as agencies across government, from the Homeland Security Department to the Defense Department to the FBI reorganize to deal with changing missions. It's also possible that few agencies will offer the buyouts, since many human resources managers are worried about large numbers of retirements in the coming years, and buyouts encourage people to retire.

Some federal human resources directors have said they would use such buyout authority when certain types of employees' skills are no longer needed by the agency. They could also use the authority to control the flow of retirements and avoid a sudden surge of retirements in a single year.

Under the regulation, OPM officials are requiring extensive written justification before granting buyout authority. Agencies' buyout plans must describe:

- A list of specific positions and functions that could be eliminated or restructured by geographic location, occupational category, grade level and other factors such as skills and knowledge related to the positions.
- A description of the types of employees who would be offered buyouts.
- The period during which buyouts would be paid.
- The number of buyouts to be offered and the maximum amount of those buyouts.
- An explanation of how the agency would operate without eliminated or restructured positions.

- An organizational chart showing what the agency would look like after the buyouts have been issued.
- A description of how early outs would be used in conjunction with buyouts.

OPM officials will consult with the Office of Management and Budget before approving agencies' plans.

Most federal agencies had buyout authority to downsize their workforces in the mid-1990s. Only a few agencies, most notably the Defense Department, continued to receive buyout authority from Congress to the present. Congress has limited the number of buyouts that the Defense Department can issue each year, but the new buyout authority contains no pre-set limit.

Congress granted the new buyout authority in the law creating the new Homeland Security Department, but applied the authority to most federal agencies.